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C O N F I D E N T I A L MANAMA 000816

SIPDIS

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TAGS: [EPET](#) [PREL](#) [BA](#) [QA](#)

SUBJECT: QATAR-BAHRAIN GAS PIPELINE: BAHRAIN REMAINS
OPTIMISTIC

REF: A. DOHA 934 B. MANAMA 692

Classified By: Ambassador William T.Monroe. Reason: 1.5 (B)(D)

1. (SBU) Ref B reported indications from Bahrain that Bahrain and Qatar had concluded a framework agreement on an agreement for Qatar to supply Bahrain with natural gas via a pipeline, and that GOB officials were confident that the project would soon move forward. Ref A quoted Qatari officials as saying that there were in fact no immediate plans to move forward on the deal, and that the press reports were more designed as political gestures to demonstrate sound relations between the two countries.

2. (C) Ambassador, in a June 7 discussion with Minister of Industry Hassan Fakhro, asked about the proposed pipeline, stating that we had indications from Qatar that the deal might not be quite as imminent as Bahrain press reports had indicated. Fakhro, a close confidant of the King, was emphatic that the deal is moving forward, saying that it had been sealed in a very private and unpublicized weekend visit several weeks ago by the Emir of Qatar, who had stayed at the palace with King Hamad. With the Emir's backing, Fakhro was confident that the contract details, including price, would be worked out.

3. (C) Separately, Foreign Minister Shaikh Mohammed bin Mubarak Al-Khalifa sounded a similar line, telling the Ambassador that Bahrain now has excellent relations with Qatar, and the parties were now negotiating the price for the natural gas deal. Shaikh Mohammed commented that "the warmer the relationship, the less cost matters" to the Qataris. He noted that planning for a causeway between the two countries was also moving forward positively.

4. (C) Comment. We are well aware that the positive soundings we are hearing in Bahrain are at odds with what our colleagues in Doha are hearing. Bahraini optimism comes in the context of a continued improvement in bilateral relations, and a real need for the gas. Whether Bahrain's optimism is well placed, or is a misreading of the Qatari position, remains to be seen.
MONROE